

Message Text

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PAGE 01 KUALA 07522 300557Z
ACTION EA-09

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FM AMEMBASSY KUALA LUMPUR
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INFO AMEMBASSY BANGKOK
AMEMBASSY JAKARTA
AMEMBASSY MANILA
AMEMBASSY SINGAPORE

C O N F I D E N T I A L KUALA LUMPUR 7522

E.O. 11652: GDS
TAGS: PFOR, MY ASEAN
SUBJECT: ASEAN OVERTURES TO THE UNITED STATES

1. AMBASSADOR HOLDRIDGE HAS REPORTED (SINGAPORE 7275) REJARATNAM'S STATEMENT TO HIM THAT LEE KUAN YEW IN RECENT CONVERSATIONS WITH TUHARTO, THANIN AND HUSSAIN HAD URGED THAT ASEAN INITIATE CONSULTATIONS WITH THE UNITED STATES. WE HAVE HAD OVER THE PAST WEEK REPORTS FROM QEVERAL SOURCES GIVING FURTHER DETAILS OF LEE'S COMMENTS TO HUSSEIN ON THIS SUBJECT.

2. FRENCH AMBASSADOR HENRY BOLLE TOLD US THAT IN AN EXTENDED CONVERSATION WITH PRIME MINISTER HUSEIN PRIOR TO HIS DEPARTURE FOR PARIS ON CONSULTATION, PRIME MINISTER HAD ASKED FOR BOLLE'S VIEWS ON ATTITUDE OF CARTER ADMINISTRATION TO SOUTHEAST ASIA. HUSSEIN HAD SAID THAT IN CONVERSATION WITH LEE IN KUALA LUMPUR, SINGAPORE PRIME MINISTER HAD EXPRESSED GRAVE CONCERN OVER AMERICAN INDIFFERENCE TO SOUTHEAST ASIA. WE WERE STILL IN THE MIDST OF POST-VIETNAM DISILLUSIONMENT AND WERE DRIFTING GRADUALLY

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 KUALA 07522 300557Z

AWAY FROM OUR SOUTHEAST ASIAN RESPONSIBILITIES. THIS TREND WAS LIKELY TO BE ACCELERATED, LEE SAID, BY THE CARTER ADMINISTRATION AND THERE WAS THE PROSPECT OF LEGISLATION THAT WOULD CONTROL AND CURTAIL U.S. FOREIGN INVESTMENT ABROAD. STEPS MUST BE TAKEN IMMEDIATELY, LEE WENT ON, TO REVERSE THIS TREND. HE HIMSELF AT EVERY OPPORTUNITY WAS REMINDING

THE U.S. OF ITS RESPONSIBILMIES, BUT THE LEADERS OF OTHER ASEAN NATIONS HOULD BE MORE ACTIVE IN ADDING THEIR VOICES TO HIS. HE IMPLIED TO HUSSEIN THAT MALAYSIA IF NOT HOSTILE HAD BEEN TOO COOL AND INDIFFERENT TO THE UNITED STATES. FOR ALL OF THESE REASONS LEE SAID, ASEAN SHOULD RESPOND AFFIRMATIVELY TO UNITED STATES OFFER FOR TALKS WITH ASEAN ON ECONOMIC SUBJECTS. THISWOULD BE EVIDENCE OF ASEAN'S DESIRE FOR A CONTINUNING AMERICAN ROLE IN SOUTHEAST ASIA AND WOULD PROVIDE AN OPPORTUNITY TO WORK AGAINST ANY EFFORTS OF THE NEW ADMINISTRATION TO LIMIT AMERICAN INVESTMENT.

3. FOREIGN OFFICE PRINCIPAL ASSISTANT SECRETARY SATHIAH, WHO WAS PRESENT DURING HUSSEIN'S CONVERSATION WITH BOLLE, APPROACHED US FOR OUR JUDGMENT OF ATTITUDES OF NEW ADMINISTRATION TOWARD SOUTHEAST ASIA. HE HAS BEEN ADKED TO PREPARE A PAPER FOR THE PRIME MINISTER, ANALYZING CURRENT U.S. ATTITUDES WITH PARTICULAR REFERENCE TO GOM-U.S. RELATIONS. SATHIAH WAS WORKING UNDER FAMILIAR HANDICAP OF NOT KNOWING WHAT HAD BEEN SAID IN PRIVATE HUSSEIN-LEE CONVERSATION (BEYOND WHAT PRIME MINISTER HAD TOLD FRENCH AMBASSADOR) BUT DID HAVE NOTES ON RAJARATNAM-RITHAUDDEEN CONVERSATION WHICH HAD COVERED SAME GROUND. (MEMCON OF TALK WITH SATHIAH BEING POUCHED.) RAJA'S MAIN POINTS WERE:

A. MULTI-NATIONAL REPRESENTATIVES HAD TOLD GOS THAT CARTER ADMINISTRATION WOULD INTRODUCE RESTRICTIVE LEGISLATION ON INVESTMENT; B. GENERAL PROTECTIONIST TREND IN U.S., E.C. AND JAPAN WOULD DAMAGE ASEAN'S MARKETS; C. SOME OF LOWER LEVELS OF INVESTMENT FROM E.C., U.S. AND JAPAN WOULD BE DIVERTED TO INDOCHINA; D. A FIVE YEARHIATUS IN FOREIGN

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 KUALA 07522 300557Z

INVESTMENT WOULD DESTROY SINGAPORE'S WELLBEING AND ALLOW THE COMMUNISTS TO TAKE OVER; E. A COMMUNIST SINGAPORE WOULD POSE A MAJOR THREAT TO MALAYSIA; F. ASEAN SHOULD MAKE PRE-EMPTIVE MOVES TO KEEP THE U.S. FROM FURTHER ECONOMIC WITHDRAWALS FROM SOUTHEAST ASIA.

4. (WE TOLD SATHIAH THAT WE FELT THE SINGAPORE PICTURE OF U.S. ATTITUDES TOO BLACK, THAT WE SAW NO SIGNS OF LEGISLATION RESTRICTING INVESTMENT, AND THAT WE HAD SEEN NOTHINGIN STATEMENTS OF PRESIDENT-ELECT OR HIS PRINCIPAL ADVISERS SUGGESTING MAJOR DEPARTURES FROM PRESENT POLICY TOWARDS SOUTHEAST ASIA. RECENT PETROLEUM AGREEMENTS, ON CONTRARY, SUGGEST SUBSTANTIAL INCREASES IN U.S. INVESTMENT IN MALAYSIA AT LEAST, IN COMING YEARS.)

5. HANS INDORF, A PROFESSOR OF POLITICAL SCIENCE FROM EAST CAROLINA UNIVERSITY, WHO IS WRITING A BOOK ON ASEAN PASSED THROUGH KUALA LUMPUR AFTER A SWING THROUGH ASEAN

CAPITALS. IN HIS TALKS WITH SENIOR GOVERNMENT OFFICIALS HE FOUND A PERSISTENT NOTE OF CONCERN ABOUT A DECLINING AMERICAN INTEREST IN SOUTHEAST ASIA. IN SINGAPORE AND JAKARTA PARTICULARLY, HE HEARD THAT THE U.S. SHOULD BE PLAYING AN ASSERTIVE AND POSITIVE ROLE AND THAT ASEAN COUNTRIES SHOULD BE MAKING AN EFFORT TO DRAW THE U.S. INTO SUCH AN ACTIVE POSITION. INDORF SAID THAT HE HEARD GENERAL PRAISE FOR LEE KUAN YEW AND SINGAPORE IN THE OTHER ASEAN CAPITALS, AND THOUGHT THAT SINGAPORE HAD CLEARLY ACHIEVED FULL ACCEPTANCE IF NOT LEADERSHIP POSITION IN ASEAN, PARTICULARLY IN THE ECONOMIC AREA.

6. COMMENT: HUSSEIN APPEARS TO HAVE BEEN SOMEWHAT SHAKEN BY BLEAK PICTURE PAINTED BY LEE, AND LATTER SEEMS TO HAVE ESTABLISHED HIMSELF AS THE ASEAN INTERPRETER OF THE INSCRUTABLE AMERICAN APPROACH FOR TALKS WITH ASEAN BECOME IN THIS SCENARIO PSYCHOLOGICAL PLOY TO REVIVE FLAGGING U.S. INTERESTS IN SEA AND SHOW WE ARE STILL WANTED.

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PAGE 04 KUALA 07522 300557Z

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